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TAGS: [ECON](#) [PGOV](#) [PREL](#) [BL](#)
SUBJECT: DCM TRIP TO POTOSI AND SUCRE

Classified By: DCM Krishna Urs for reasons 1.4 (b) and (d).

SUMMARY

¶1. (C) The DCM traveled to Potosi and Sucre April 23-25 to inaugurate USAID projects and meet with key political figures. Potosi Mayor Rene Joaquin (often touted as a potential rival to President Morales) told the DCM that although the economy is booming, the city receives no mining revenues, which go solely to the departmental and national governments. Joaquin said he believes President Evo Morales has "damaged the constituent assembly" with his declarations calling for early elections and expressed concern over a MAS proposal to allow overseas voting in Argentina, saying conditions would be "ripe for fraud." Potosi prefect Mario Virreira (MAS) thanked the USG for its continued support and work with the prefecture and also added that he was ready to deal with any type of autonomy which may come out of the constituent assembly (CA). In Sucre, the DCM inaugurated a USAID sponsored housing project and met with constituent assemblymen from the MAS, Podemos, UN, and Autonomia Para Bolivia (APB) parties. The assemblymen were cordial to each other, but it is painfully obvious that there is a wide gulf between the MAS and opposition positions. Chuquisaca prefect David Sanchez told the DCM he does not believe Bolivia's new constitution will be a copy of Cuba's and that ninety percent of MAS constituent assemblymen want a constitution that will be well received by all Bolivians. End Summary.

MINERS TAKE A TOUGH LINE

¶3. (C) During an April 23 meeting with Podemos Senator Rene Zamora, Congressman Franz Velazco, and Cooperative Miners Federation Vice President Felipe Flores, Mr. Flores complained about the government's plan to raise mining taxes and nationalize the mining industry. VP Flores said the federation will meet with the GOB May 20 to discuss mining reforms, but that if the government takes any actions not agreed upon by the cooperative miners, then "blood will run in the streets." Senator Zamora and Congressman Velazco made an appeal for more development projects in northern Potosi to

help stop the flow of migrants to the Chapare at its source (Note: Jobless migrants from Potosi move to the coca-growing lowlands and take up coca-growing there, in many cases. End Note.). Zamora said drug addiction is becoming a problem in booming Potosi as the suppliers are poor Potosinos who have migrated to the Chapare to cultivate coca.

POTOSI MAYOR: CA IS PROBLEMATIC AND OPPOSITION DEAD

¶4. (C) The DCM met with Potosi Mayor Rene Joaquin (AS) on April 23. Mayor Joaquin noted that even though the Potosi department economy is booming thanks to high mineral prices, the city receives none of that tax revenue, which goes to the prefect and national governments. Nonetheless, the city economy is also benefiting from high earnings by miners. He cited the example that nine years ago there were 8,000 cars registered in Potosi compared to 26,000 in 2007. Joaquin said he believes President Evo Morales has "damaged the CA" with his declarations calling for early elections. The mayor said the new constitution may not be approved by the referendum to be held after the CA completes its work, and noted that Evo will only call elections if the constitution is passed. Joaquin expressed his concern over the MAS proposal to allow overseas voting in Argentina, saying conditions are ripe for fraud. He does not believe the MAS will push its proposal to lower the voting age to sixteen as he thinks "most young people would not vote for the MAS." The DCM asked Joaquin about the possibility of his running in the next presidential elections. Joaquin responded that it is difficult to compete with the MAS' resources but that the AS is building its network around the country, including in El Alto where "the people feel they were fooled by Evo" (Comment: Polls do not reflect this, given Evo's current 80% popularity in El Alto. End Comment). The mayor said that for all practical purposes the opposition is dead. Tuto Quiroga, he said, is "dreadful, and a terrible debater", while Samuel Doria Medina, a multimillionaire, is "viewed as an oligarch" and is unable to secure the poor people's vote. Joaquin said for the time being he will continue to be "prudent."

POTOSI PREFECT THANKFUL FOR AID

¶5. (C) The DCM inaugurated a USAID financed project that refurbished a patio of the historic prefectural building along with Potosi Prefect Mario Virreira (MAS). This is part of USAID's larger effort to strengthen regional governments as a counter-balance to the central government. The prefect thanked the DCM for continued USG support and close working relationship with the prefecture. He told the DCM that even though Potosi voted against autonomy, he is ready to deal with whatever form of autonomy may come out of the CA.

USAID CHAGAS PROJECT

¶6. (U) The DCM inaugurated approximately three-hundred and fifty improved houses as part of a USAID program to help the municipality of Icla, Chuquisaca and its largely Quechua citizens to fight the deadly Chagas disease. The event received favorable press by local and national media. The program is a joint venture between USAID, the municipality, indigenous families, and the central government.

CONSTITUENT ASSEMBLY: THE UNKNOWN

¶7. (C) The DCM hosted an April 24 meeting in Sucre with constituent assemblymen Ramon Loaiza (MAS), Javier Limpas (Podemos), Ricardo Pol (UN), and Mariano Aguilera (Autonomia Para Bolivia APB). All four constituent assemblymen remarked that it took the US Embassy to get them together face to face to talk about the issues. The opposition expressed their

mistrust and fear that the MAS already has a constitution drafted. Ramon Loaiza responded that the constitution should be for all Bolivians and then spoke about forming indigenous regions and the fourth power of government. Loaiza and Limpas said they believe the CA can be finished by August 6, while Aguilera was less optimistic, remarking that the constitutional commissions are very slow.

CHUQUISACA PREFECT HAS HOPE

18. (C) Chuquisaca Prefect David Sanchez (MAS) met with the DCM on April 25. The prefect told the DCM the CA is working better now and that he does not think the new constitution will be a copy of Cuba's. He estimates that ninety percent of MAS constituent assemblymen want a constitution that will be well-received by all Bolivians. Sanchez said he does not know if the new constitution will include prefects and departments, but in the meantime he is concentrating on doing his job. When asked about the proposal to move all capital powers to Sucre, the prefect told the DCM that publicly he has to support it, but personally he does not. He said he had spoken to Evo Morales about the subject and was told it would not happen.

COMMENT

19. (C) Potosi Mayor Rene Joaquin is slowly trying to build his AS party into a nationwide force but early elections and MAS' massive political machinery funding may be against him. Post has very good working relationships with Potosi MAS Prefect Mario Virreira and Chuquisaca MAS Prefect David Sanchez and will continue to work with both through USAID projects. The future outcome of the CA remains impossible to predict. We agree with Mayor Joaquin that Bolivia's opposition, under its current leadership, has little chance of regaining the political initiative. Over the next few months, the key political event remains the outcome of the CA. Given MAS disorganization, the leaderless opposition, and persistent economic conflict in volatile sectors, Bolivia's short-term destiny remains unclear. End Comment.
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